



BSM business systems modernization
delivering 21st century logistics

Business System Modernization

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DLA Mission

Supply Chain Management: \$15.2B Sales (FY 01)

- **Medical***
- **Apparel***
- **Construction***
- **Weapons Systems Spares (Consumables)***
- **Fuel**
- **Energy**
- **Food***

- **Sales must cover cost (working capital fund)**
- **90% of military needs satisfied by DLA**
- **100% of military service needs for energy, food, medical, and apparel**

*BSM

Customers

- **Deployable Units**
- **Fixed Bases**
- **Industrial Activities**

Services: \$2.6B Sales (FY 01)

- **Logistics Information**
- **Distribution**
- **Reutilization and Disposal**
- **National Stockpile**



B2SM Will Enable DLA To ...

- Replace legacy systems with commercial-off-the-shelf (COTS) software
- Reengineer by fielding best practices
- Improve customer service by collaborating with customers
- Provide best value solutions
- Provide the training, experience, and opportunity to

“Agile Sustainment” ...

“The adoption, within the DoD, of the best practices of the commercial market place, resulting in continuously improving logistics operations, cost savings/avoidance, and process cycle reductions.”

--JV 2020 (Concept of Focused Logistics)

DLA’s Modernization Vision

Our mission-critical legacy systems are replaced with a new enterprise architecture based on COTS software and best commercial





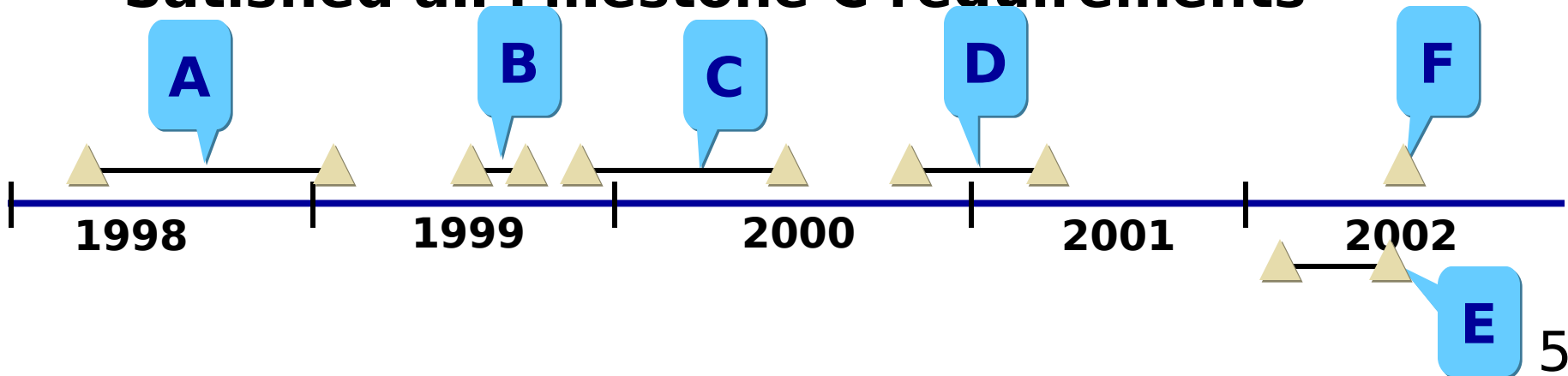
BSM Reengineering Tenets

- **Use commercial and best business practices**
- **Ensure common processes and data**
- **Be driven by supply chain, not internal organization**
- **Establish one authoritative record for data**
- **Embed financial integrity**
- **Replace legacy systems and extensions**
- **Incorporate pertinent initiatives**



Making it Happen ... BSM ACAT 1A Program Management

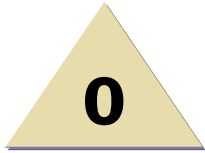
- A** Options analysis 
- B** Scripted demonstration of COTS
- C** Mission need and requirements validated/approved by JROC
- D** Creation of "blueprint" 
- E** Design, Build, Test
- F** Satisfied all Milestone C requirements



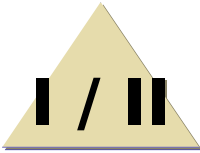


High Level Program Timeline

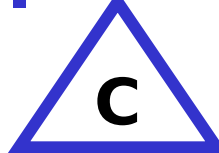
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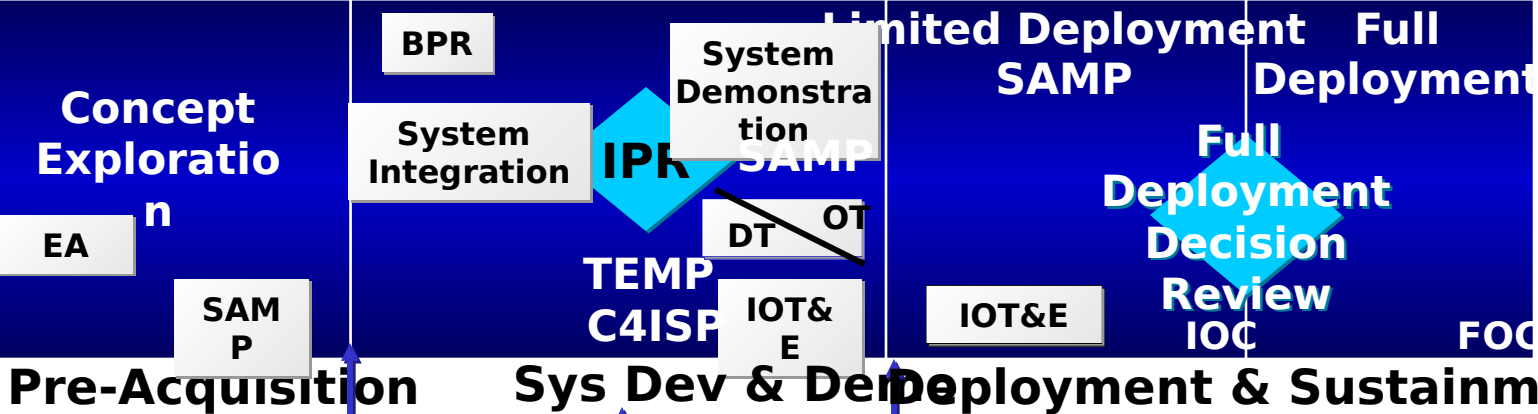
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- Determine Mission Need (User Requirements)
- Evaluate Technology Opportunities
 - ❖ COTS Market Research
 - ❖ Scripted Demos
- Conduct AoA



Pre-Acquisition Sys Dev & Dem Deployment & Sustainme

Validated ORD Validated ORD Validated ORD

User Needs

Release 2

Release 3

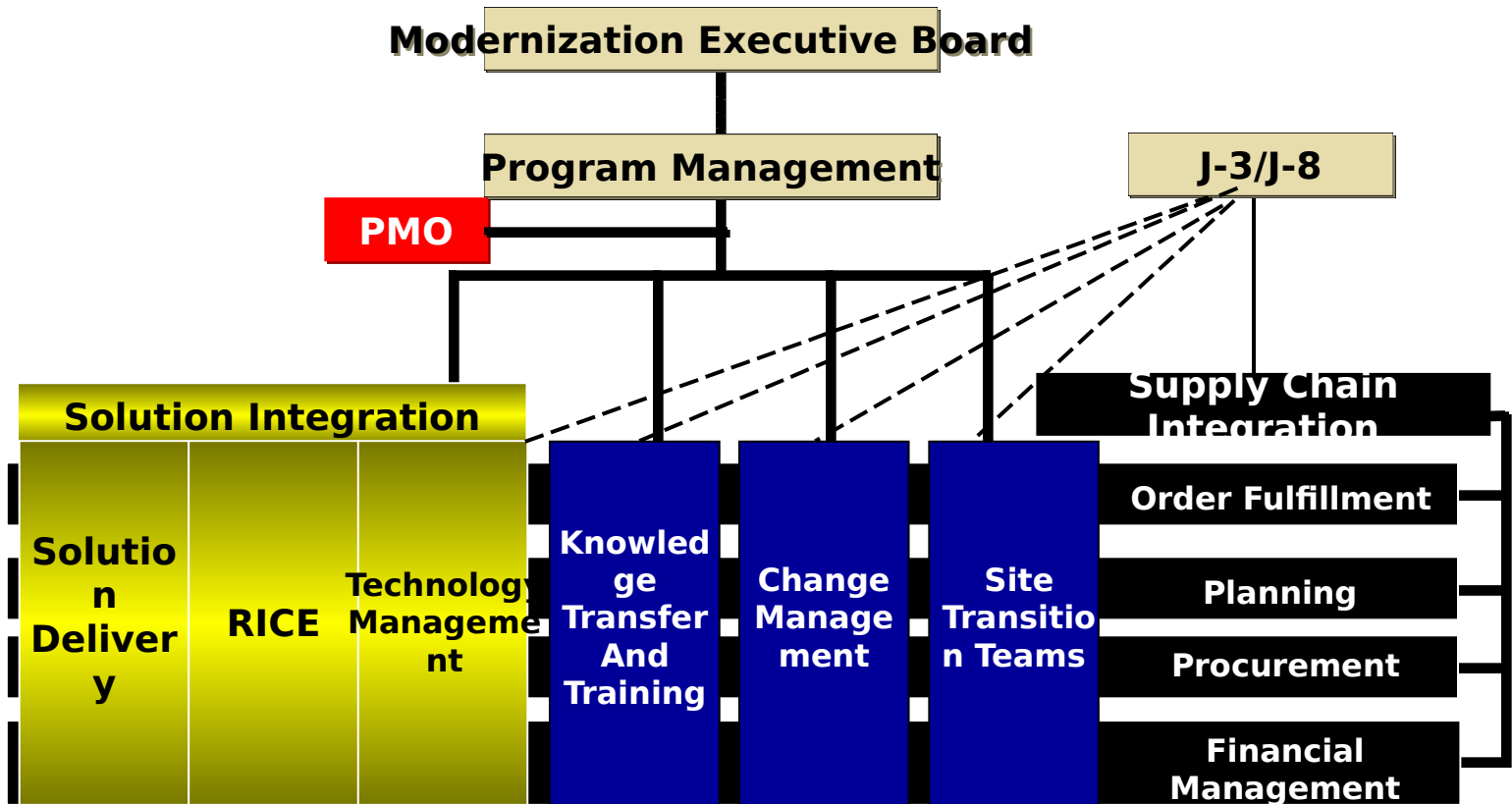
Release 4

	System Functionality (Design)	DLA Users and NSNs (Fielding)
Release/Increment 1	80%	Insignificant <5%
Release/Increment 2	Remaining 20%	33%
Release/Increment 3	Insignificant <5%	33%
Release/Increment 4	Insignificant <2%	33%



How We Do It....

Integrated Product Teams





Solutions Integration Methodology

Furthering the Blueprint to Deliver Required So

Blueprint (Concept Demo and Full Operational Capability)

The Requirement



Scenarios and Scripts - Solutions Delivery



Issue Resolution - Solutions Delivery and

Transition

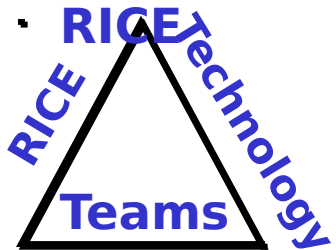


TEAM



Gap Definition - Solution Delivery and

Gap Resolution - All Three



Solutions Delivery

**Process Reengineering
Extensions
Conversions**



Process Transformation .. Fielding Best Practices

Planning

- Demand by customer
- Collaboration
- Time-phased inventory

Order Fulfillment

- Time Definite Delivery
- Available to Promise
- Online account visibility
- More Pri Visibility

Improve customer service by collaborating With Customers and Suppliers

Demand Based Budget

Provide Best Value Solution

Procurement

- Supplier performance and management
- Capable to promise
- Web-based procurement
- Pay on receipt

Financial

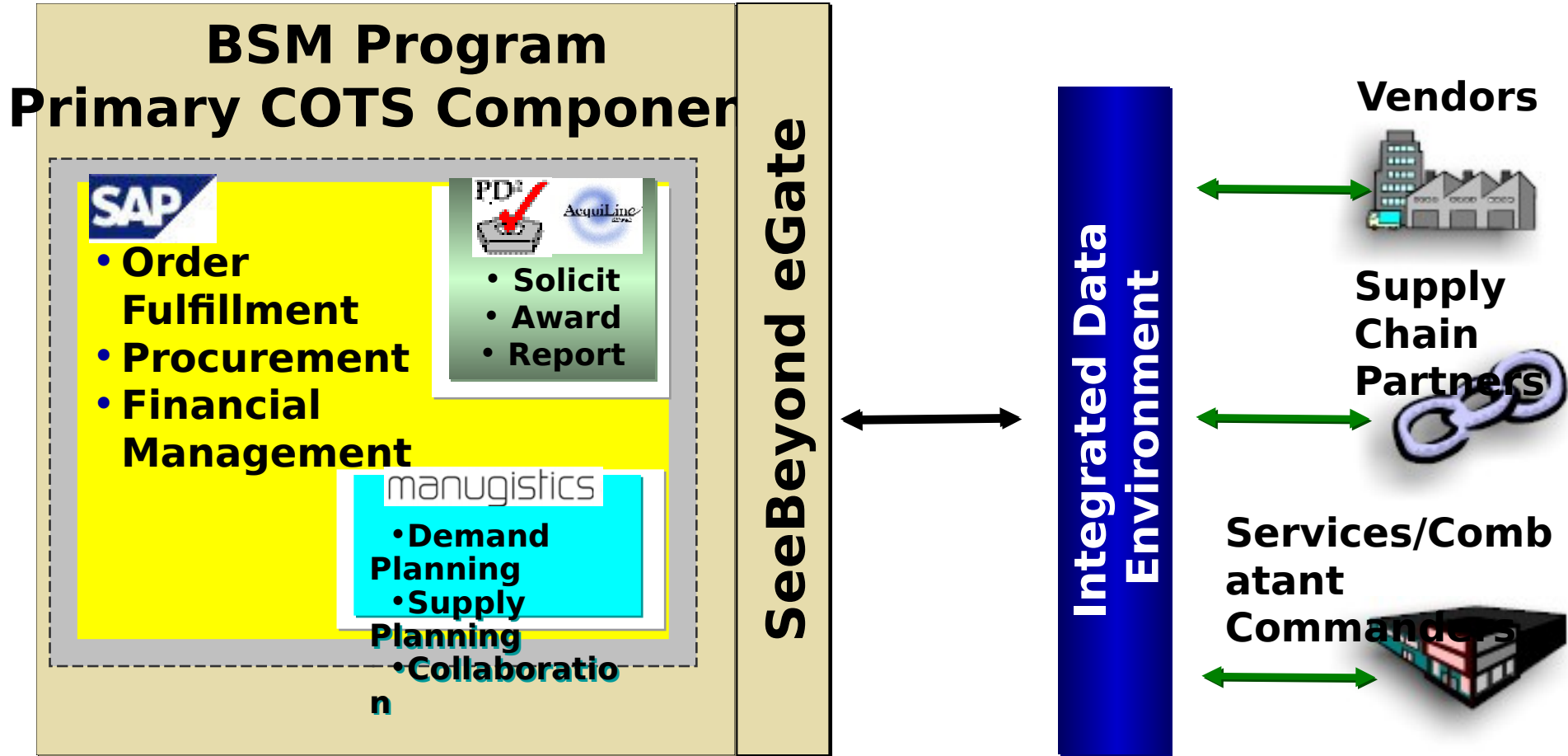
- FFMIA Compliance
- Financials integrated with business transactions
- Moving Average Cost Inventory Valuation Methodology





BSM Technical Blueprint

The Core of DLA's Systems Architecture





Linking with Customer Relationship Management (CRM)

By military service - four major customer accounts - National Account Manager (NAM)

By major claimant or command - Customer Account Manager (CAM)

Military Service

NAM

Major Claimant or Command

Service Level Agreement

CAM

STRATEGIC

OPERATIONAL

Customer A
Customer B
Customer C

CSR

Customer Support Representatives (CSR)

ICT

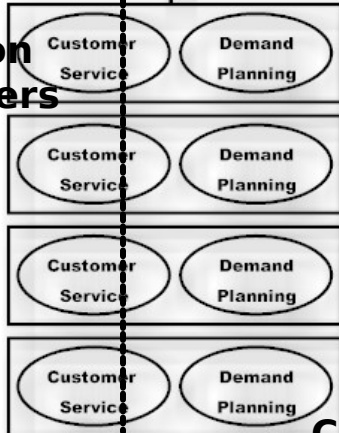
Lead Center Commander / Deputy

1

Collaboration With Customers

3

Collaboration With Suppliers

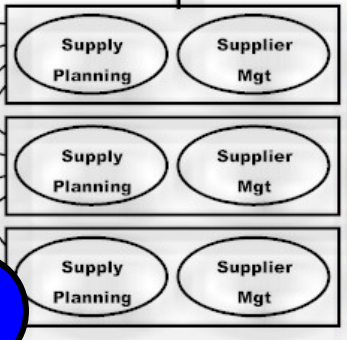


(Demand Plan)

MANAGERS

2

Collaboration Between Supply & Demand



(Supply Plan)

SUPPLIERS



Business Systems Modernization ...Transformation "Engine"

"As Is"

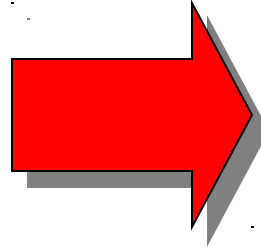
"To Be"

Item-focused

- "Build" Software, based on Functional Requirements
- Manager of "Supplies"
- Mobilize "via Inventory"
- "Ad Hoc"

Customer-Focused

- "Buy/Integrate" COTS, based on Re-engineered Bus. Practices
- Manager of "Suppliers"
- Mobilize "via Industry"
- Long-Term Supplier

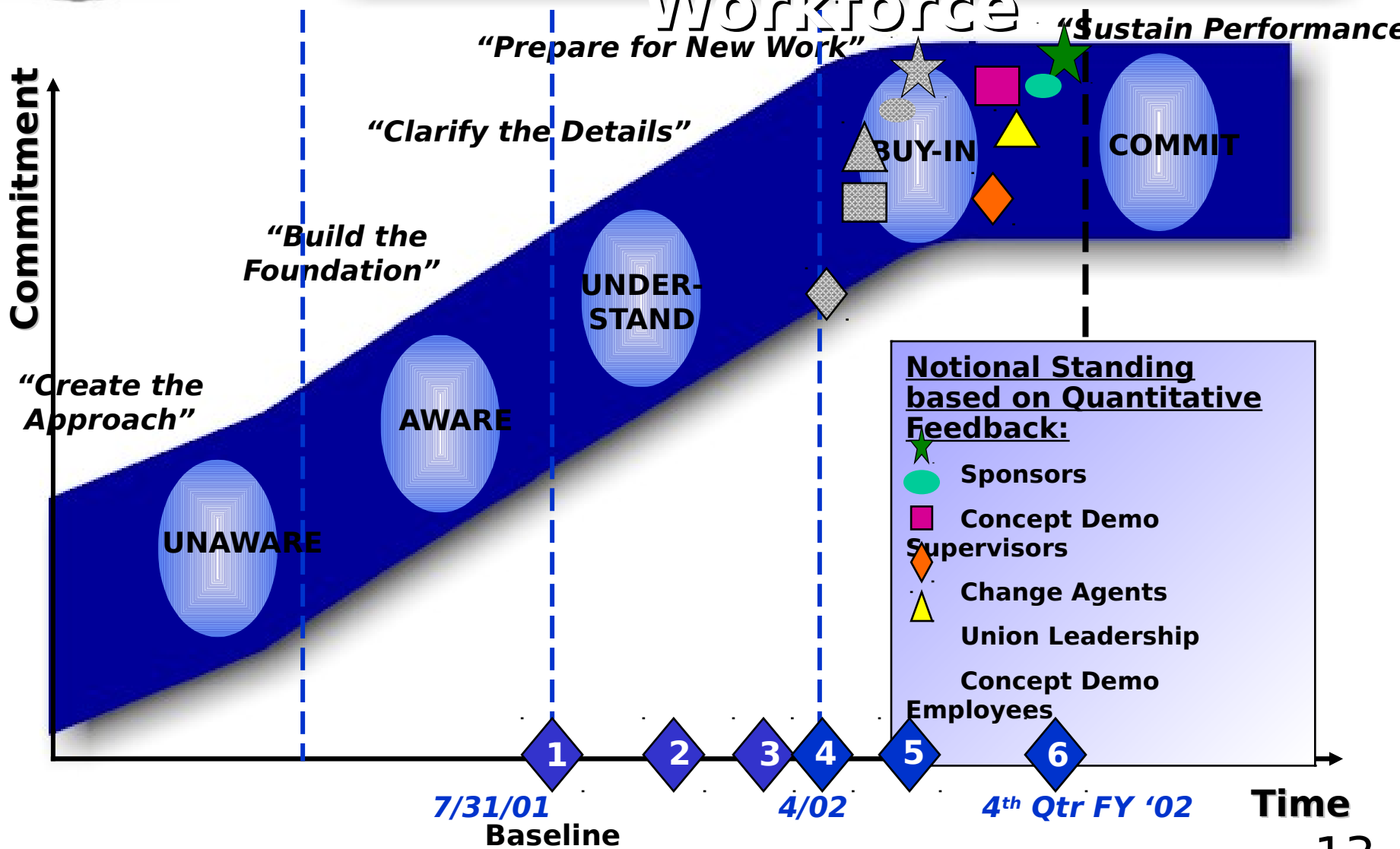


DLA's Transformation

Much more than an IT project...We are changing the nature of DLA customer support through new combinations of concepts, capabilities, technology, and

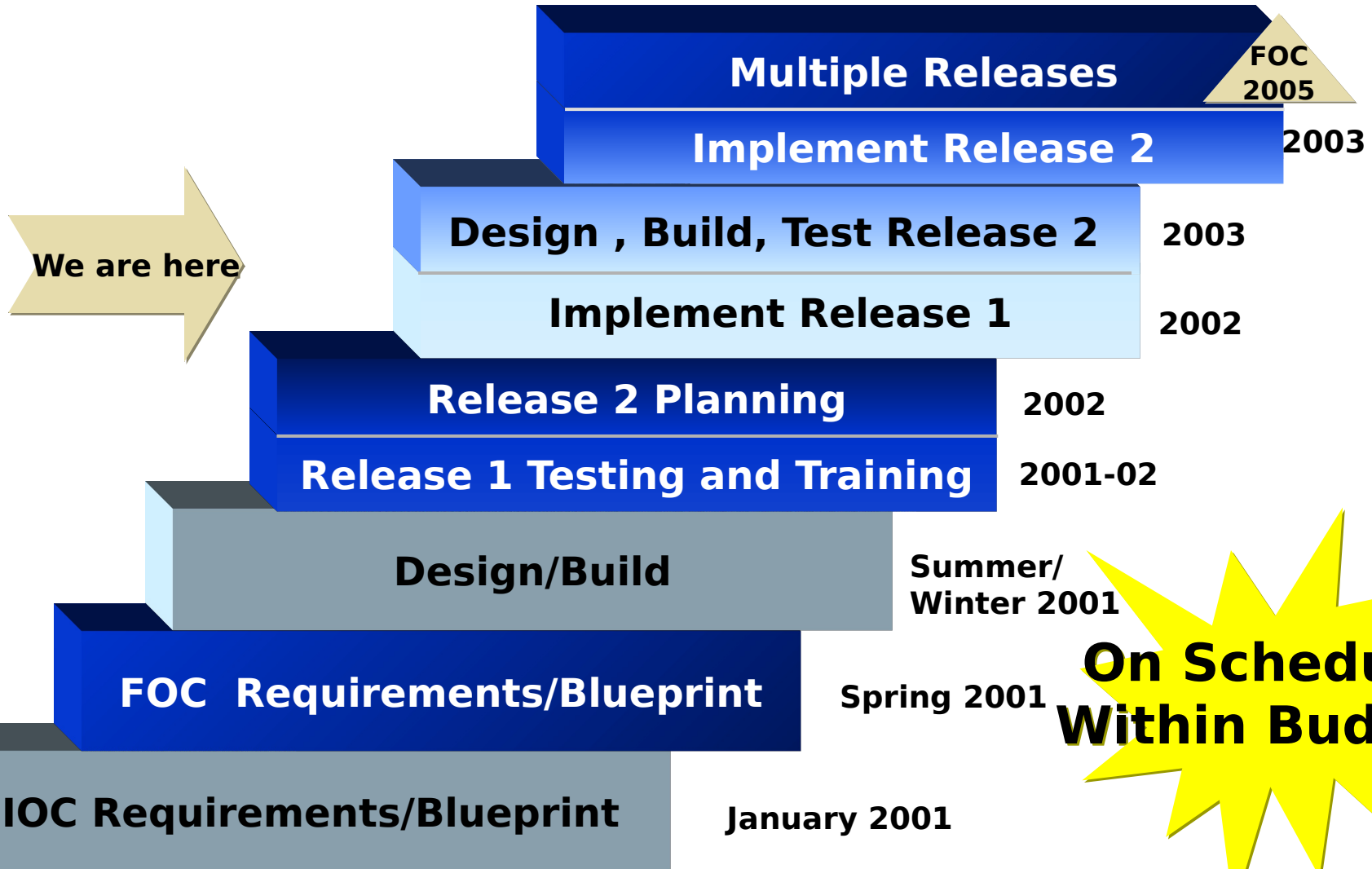


Meeting the Challenges of Change... Preparing the Workforce





Where We Are





Release One

- **Deliver a fully operational, tested system and trained workforce**
- **Fully support existing customer commitments**
- **Deliver 80% of the Functional Requirement in the ORD ... for about 5% of the line items**
- **Risk mitigation plans in place**

Concept Demonstration

- Maritime Carrier and Sub Surface teams
 - LM-2500
- Terminal Lugs and Insulation Sleeving
- Battle Dress Uniforms
- Fleet Prime Vendor
- Garrison Feeding (Prime Vendor Southeast Region, Food Service Equipment)
- Helicopter systems (UH-1, H-3, H-46, and H-53)

#	NSNs	Customer Orders	Sales	Users	Customers	Suppliers
TOTAL	170K	2.5M	\$500M	380	17K	2.5K

ad enough to demonstrate ... small enough to manag

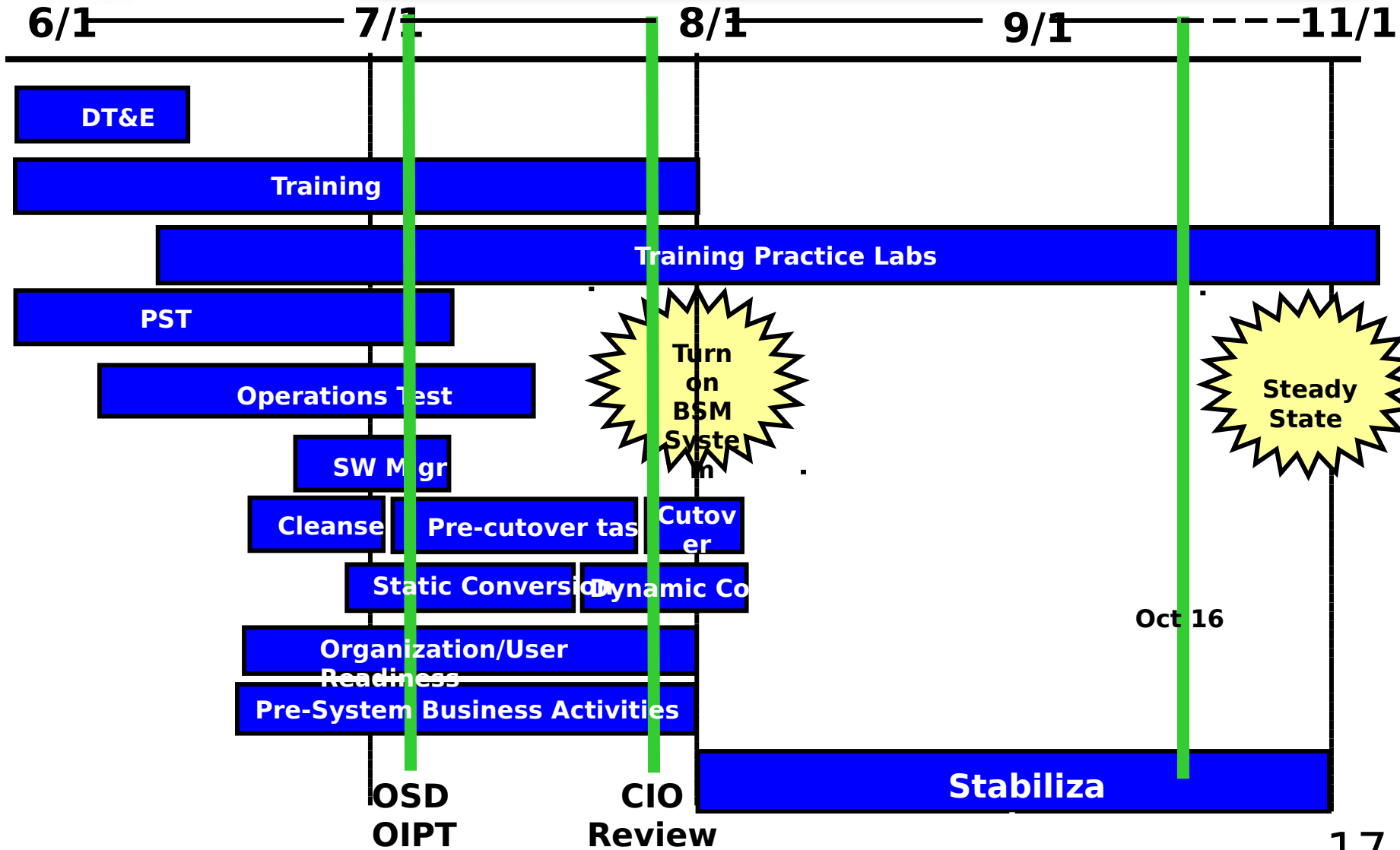


Go Live Risks

Risk	Mitigation Strategies
Customer Expectations	<ul style="list-style-type: none"> —BSM Stakeholders Group —Commitment to standard interfaces —Customer Outreach
Workforce Expectations	<ul style="list-style-type: none"> - Robust Change Management Program - Corporate Message Policy - Periodic Assessments
Workforce Adequacy	<ul style="list-style-type: none"> - Prototype training - Complete training requirement... Retraining - Practice Labs - Online Help - Corporate Issue Resolution...Y2K -“Big Buddy” On-Site Help
Catastrophic Failure	<ul style="list-style-type: none"> - Limited (small) number of items - Ability to recover Legacy within hours - Robust complete test program
Incomplete Functionality	<ul style="list-style-type: none"> - Thorough review of “Blueprint” - Corporate issue resolution process - Sustainment organization in place
Enterprise Architecture	<ul style="list-style-type: none"> - Senior architect appointed



Go Live Timeline





Stabilization Timeline

Week

Go Live	1	2	3	4	5	6	7	8	9	10	11	12
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Data Clean Up

- All converted data reconciled
- All critical reports available - format and data content

System Stabilization

All applications and interfaces running I.A.W planned schedules

User Stabilization

- Users are able to log on and navigate
- User role profiles are validated
- Users exhibit reasonable "comfort" with system

Process Stabilization

Critical Performance Metrics in line with expectations



Release 1 Bottom Line...

A single instance of a COTS-based, integrated, end-to-end materiel management, financial and procurement system is successfully processing transactions for weapon system repair parts, subsistence prime vendor, medical prime vendor, and construction material



Initial Lessons Learned

- **Conversion**
 - Increased review of mock conversions by test team
 - Increase control of NIIN/LCN listings
- **Test**
 - Increased functional review of test cases
 - Increased IV&V
- **Organization**
 - Increased line accountability to process leads
 - Greater attention to requirements management
- **Schedule**
 - Stricter adherence to phase completion dates
 - Timely response to deliverable submission

Lessons learned will be documented and incorporated into Release 2 P



Keys to Success

- **Modernization Executive establishes *Tenets***
 - **Corporate Champion enforces *Enterprise Approach***
 - **Program Executive Office Program Manager manages as a *Major Acquisition Program***
 - ***Managing Change* as a discipline**
 - **Full engagement of *Stakeholders***
- Modernization Tenets**
- We will change, not the COTS
 - We will rely on commercial software and commercial business practices
 - We will operate as a single Enterprise
 - We will prepare our workforce to succeed in the new environment



Summary...Bottom Line

Business Systems Modernization is a great deal more than an IT project

...the catalyst to transform DLA by:

- **Reengineering by fielding best practices**
- **Providing the capability to manage the supply chain ... factory to foxhole**
- **Improving service by focusing on customer and supplier relationships**
- **Providing the training, experience, and opportunity to succeed in this new environment**
- **Replacing legacy materiel management**